

## Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 PM-05  
NSC-05 SP-02 SS-15 HA-05 TRSE-00 OMB-01 IO-13  
ACDA-12 H-01 /093 W  
-----009085 101419Z /45

R 082100Z JUN 78  
FM AMEMBASSY ASUNCION  
TO SECSTATE WASHDC 3221

C O N F I D E N T I A L ASUNCION 2307

E.O. 11652: GDS  
TAGS: EAIR, SHUM, PA  
SUBJECT: MAJOR PROJECTS EQUIPMENT FOR ASUNCION INTERNATIONAL AIRPORT

1. THE NATIONAL COUNCIL FOR ECONOMIC COORDINATION HEADED BY PRESIDENT STROESSNER HAS AWARDED THE CONTRACT FOR COMMUNICATIONS, NAVAI, AND SECURITY EQUIPMENT AT THE NEW ASUNCION AIRPORT TO PHILLIPS ELECTRONICS OVER SEVEN OTHER COMPETITORS INCLUDING TWO, CALMAQUIP AND PAGE IBERICA, WHICH WERE OFFERING US MADE EQUIPMENT.

2. PHILLIPS' BID WAS THE LOWEST OF THOSE ORIGINALLY SUBMITTED BUT WAS INCOMPLETE IN THAT IT DID NOT INCLUDE ALL THE NECESSARY EQUIPMENT. IN THE COURSE OF DISCUSSIONS WITH THE DIRECTOR GENERAL OF PUBLIC WORKS PHILLIPS' BID MOVED FROM \$6-1/2 TO \$10-1/2 MILLION.

3. A CALMAQUIP REPRESENTATIVE COMPLAINED TO THE EMBASSY THAT WHILE PHILLIPS WAS NURSED ALONG AND ALLOWED TO AMPLIFY AND EXPAND ON ITS ORIGINAL PROPOSAL, CALMAQUIP WAS NEVER GIVEN THE SAME CHANCE. COMATT WAS SHOWN A COPY OF A RESUME PREPARED BY PUBLIC WORKS IN COMMERCIAL, TECHNICAL, AND FINANCIAL ASPECTS OF THE PROPOSALS. THIS SUMMARY SEEMED HEAVILY SLANTED TO FAVOR PHILLIPS AND SIEMENS. COMPLAINTS FROM OTHER BIDDERS AND APPEALS TO THE MINISTER OF PUBLIC WORKS AND THE JUDICIARY ONLY SUCCEEDED IN DELAYING  
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THE AWARD FOR ONE WEEK.

4. ACCORDING TO ONE REPORT, AT THE MEETING OF THE ECONOMIC COUNCIL, THE DEFENSE MINISTER SPOKE IN FAVOR OF THE CALMAQUIP OFFER AS HAVING THE BEST EQUIPMENT, PRICE, AND FINANCING. THE PRESIDENT REPORTEDLY BRUSQUELY OVERRULED HIM WITH SOME NEGATIVE COMMENTS ABOUT HIS PROBLEMS WITH THE YANQUIS AND

PUT THROUGH THE PHILLIPS APPROVAL.

5. IN THE COURSE OF CONVERSATIONS WITH GOVERNMENT OFFICIALS REPRESENTATIVES OF AMERICAN EQUIPMENT WERE SUBJECTED TO MUCH CRITICISM ON US VOTES IN THE IDB AGAINST LOANS TO PARAGUAY. THE COMMITTEE VOTE TO CUT OFF MILITARY ASSISTANCE TO PARAGUAY MAY ALSO HAVE LESSENED THE ZEAL OF DEFENSE MINISTRY OFFICIALS WHO EARLIER FAVORED US EQUIPMENT FROM A TECHNICAL POINT OF VIEW.

6. THE EMBASSY DOES NOT BELIEVE THAT NEGATIVE ATTITUDES TOWARD THE US BECAUSE OF OUR ACTIONS IN SUPPORT OF HUMAN RIGHTS WERE DECISIVE. THESE NEGATIVE ATTITUDES BY PARAGUAYANS DO, HOWEVER, MAKE IT MORE DIFFICULT FOR US BUSINESS IN DEALING WITH GOVERNMENT ENTITIES.

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ELECTRONIC EQUIPMENT, AIRPORTS, CONTRACTS, PROPOSALS (BID)  
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**Decaption Date:** 01 jan 1960  
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**Executive Order:** GS  
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**Review Markings:**  
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